

International Strategic Alliance

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INTERNATIONAL STRATEGIC ALLIANCE

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INTERNATIONAL STRATEGIC ALLIANCES

A Strategic Alliance is a relationship between firms to create more value than they can on their own.

According to Lando Zeppei :

Managing partner of Booz, Allen and Hamilton, defines Strategic Alliance as a Cooperative arrangement between two or more Companies where :-

- A common strategy is developed in consensus and a win-win attitude is adopted by all parties.
- The Relationship is reciprocal with each partner prepared to share specific strength with each other, thus lending power to the enterprise.
- A pooling of resources, Investment and risks occurs for mutual (rather than individual) gain.

International Strategic Alliance is the combination of two or more firm future objective, which achieved by together practices of the MNCs.

The term " strategic Alliance" can mean many things. In Its broadest sense. It can apply to virtually any of collaboration between two or more firms, including one or more of the following activities :-

- Design Contracts
- Technology Transfer agreements
- Joint product development.
- Purchasing Agreement

- Distribution Agreement
- Marketing and Promotional Collaboration
- Intellectual Advice.

these activities of each company involved in the strategic Alliance will benefitly working together. The objective of a strategic Alliance is to gain a competitive advantage to a company's Strategic position. When you are small company, a strategic Alliance can allow you to graft your whole business onto the Superior Manufacturing, Marketing and distribution structure of an established International company.

ACCORDING TO KENICHI OHMAE :

Globalisation mandates alliances, makes them absolutely essential to strategy. Uncomfortable perhaps - but that's the way, It is like it or not, the simultaneous developments that go under the name of globalisation make alliances - entente - necessary.

ACCORDING TO THE YOSHINO AND KANGAN :

Define strategic Alliances in term of three necessary and sufficient characteristics :-

- Two or more firms unit to pursue a set of agreed upon goals but remain independent subsequent to the formation of the Alliance.
- The partner firm share the benefits of the Alliance and control over the performances and the one that makes them so difficult to manage.

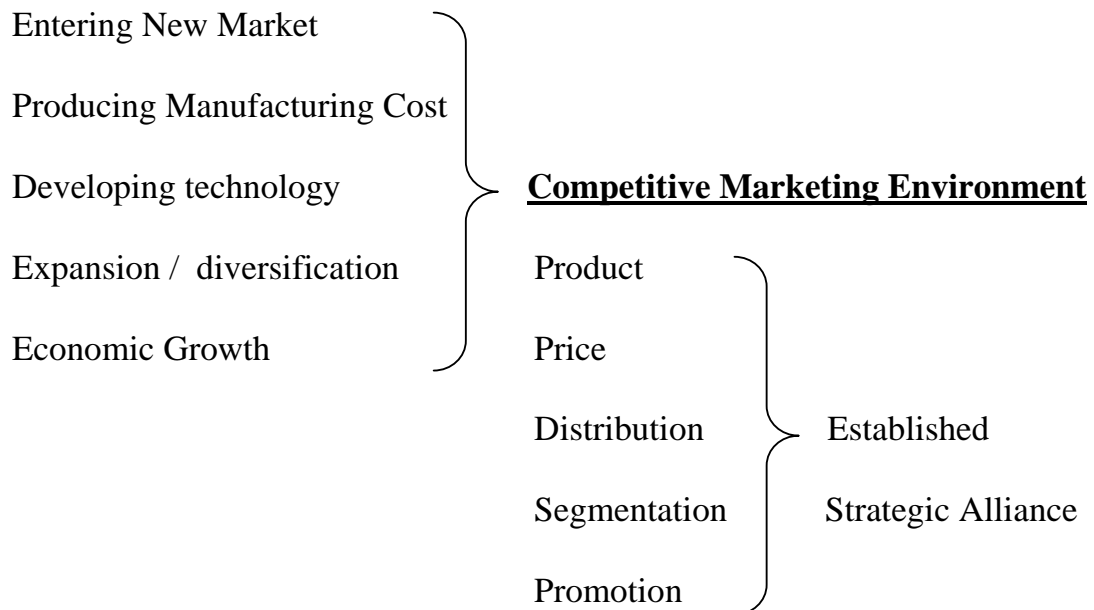
- The partner firms contribute on a continuing basis in one or more key strategic areas, for example , technology, product, and so forth.

A Strategic Alliance is the collaboration between two or more organisation to challenging the competitive marketing environment.

Thus Strategic Alliance fight to the complexities and barriers of organisational objective.


WHY MAKING THE STRATEGIC ALLIANCE

External / Internal Forces




PROCESS OF STRATEGIC ALLIANCE


Objective of the Strategic Alliance

- | | | |
|---|---|---|
| <ul style="list-style-type: none">* Increased leverage of the both firm* Opportunities for growth to both partners |  | <ul style="list-style-type: none">* Greater responsiveness of Alliances |
|---|---|---|


Challenges of the Strategic Alliances

- | | | |
|--|---|---|
| <ul style="list-style-type: none">* Environment* Strength / weakness of the firm.* Making accessing* Manufacturing Capabilities |  | <ul style="list-style-type: none">* Compatibility of partner* Capability of partner* Distribution Channel |
|--|---|---|

Established the Strategic Alliance Forms

- | | | |
|--|---|---|
| <ul style="list-style-type: none">* Joint venture Alliance* Merger / acquisition Alliance |  | <ul style="list-style-type: none">* Future Alliance* Contract Alliance |
|--|---|---|

Need and wants to established Strategic Alliance

- | | | |
|---|---|--|
| <ul style="list-style-type: none">* Diversification Expansion and growth of Business* Generate Economies of Scale* Need of technology |  | <ul style="list-style-type: none">* Product development* Gain access to strategic* Overcome trade Business |
|---|---|--|

**Strategic Alliances**

ENHANCING THE CHANCES OF A SUCCESSFUL ALLIANCE

- 1- Both sides must gain - now and in the future. Make sure that your partners continues to benefit even when It means that your have to give up something.
- 2- Protect and Enhance the assets and skills, being contributed don't let a partner take over the assets and skills being contributed.
- 3- Be a learner, particularly if the Alliance is with a competitor or potential competitor - It is risky to be motivated solely by a desire to avoid investment.
- 4- Deal with the differences in organisation - people, culture, structure and systems - and in country culture.
- 5- Recognise that circumstances and market change - build in some flexibility and change capability.
- 6- It there is a separate organisation involved, give It space, if not, Invest in working together as a team.
- 7- Be clear Expectations and contributions, when possible have an agreement that covers Essential disagreement or disappointments that could be awkward - but don't rely on legal documents to handle all disagreement and conflicts.

WORLD VIEW

International Strategic Alliance is the competitive strategy to minimize the different risk involved in the International business, not only risk exposure, but also involves different benefit - Economic, social, technological, Ethical, socio-economic, behavioral, functional and geographical benefit.

It open the new door for opportunities and growth. Alliance partner have common goal of strategic Alliance collaboration partner.

CASE :

Star Alliance group (member of Aviation Industry) One world Alliance (Global Alliance, Airlines member)



One world become a global alliance of 10 world leading airlines on April 1st, 2007 with the joining of JAL, MALEV Hungarian Airlines and Royal Jordanians in addition to American Airlines, British Airlines, Cathy Pacific, Finnair, Lberia , Lan Airlines and Quantus.

The Alliance network now expan about 700 cities in 150 countries.

On world provides great service for your comfortable travel with more than 9000 departing flights daily and a staff of approximately 260,000.

One World Member Airlines :-

JAL Group Airlines (JL)

American Airlines (AA)

British Airways (BA)

Cathy Pacific (CX)

Finnair (AY)

Iberia (IB)

LAN Airlines (LA)

Malev Hungarian Airlines (MA)

Qatar Airways (QF)

Royal Jordanian (RJ)